LNF & IHCIF Calculations Illustration

- Creek in Oklahoma area -

Given Data

- 17,488 = 1998 user count
- $2,980 = National average cost per person (not including wrap-around costs)
- 23% = % Expenditures on purchased services, 77% = % expenditures in-house
- 88.2% = Cost index for purchasing health care in this geographic area
- 94.6% = Size cost index for in-house costs due to small or large size
- 96.9% = Oklahoma area cost index for health status above or below average

Cost Adjustment Calculations

- $615 per person for purchased services = 23% * 88.2% * $2,980
- $2,161 per person for in-house services = 77% * 94.6% * $2,980
- $2,776 per person total = $615 (purchase) + $2,161 (in-house)
- **$2,690 per person total** adjusted for health status = $2,776 * 96.9%
- **$1,945 per person net cost** = $2,690 - $745 Other resources (M&M&PI)

Existing Expenditures (for 17,488 users excluding wrap-around and collections)

- $1,107 per person = local IHS allowance (excludes $ for wrap-around)
- $77 per person = expenditures elsewhere in Oklahoma area on behalf of area users
- $54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **$1,238 per person for OU users** = $1,107 + $77 + $54

LNF Calculation

- **46.0% Gross LNF** = $1,238 (expenditures) / $2,690 total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **63.7% Net LNF** = $1,238 / $1,945 net cost ($2,690 - $745 other)

IHCIF Allocation

- $0 = $ to raise LNF% from 63.7% to 60%
- $258,040,100 = aggregate $ to raise all locations to 60%
- 3.488% IHCIF fraction = $9,000,000 fund / $258,040,100 needed
- **$0 Allocation** = $0 needed for 60% * 3.488% IHCIF fraction

Creek Unmet Needs

- **$34,021,740 Net Total Need** = 17,488 users * $1,945 net cost
- **$12,366,614 Net Unmet Need** = (100% - 63.7% LNF) * 17,488 users * $1,945 net cost